



Arizona  
Department  
of Housing

# STATE OF ARIZONA PY2023- 2024 HUD ANNUAL ACTION PLAN



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## Executive Summary

### AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

#### 1. Introduction

The Annual Action Plan is required by the U.S. Department of Housing and Urban Development (HUD) for jurisdictions that receive a direct allocation of HUD formula funds from the HUD Office of Community Planning and Development (CPD). CPD formula funds received by the State of Arizona include the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and National Housing Trust Fund (NHTF) programs administered by the Arizona Department of Housing (ADOH), and the Emergency Solutions Grant (ESG) program administered by the Arizona Department of Economic Security (ADES).

The ADOH is the lead State agency responsible for developing the Consolidated Plan and Annual Action Plan. The Consolidated Plan determines priorities, establishes strategic goals, and allocates resources for the HUD CPD programs administered by the ADOH and the ADES. The current Consolidated Plan is for the 5-year period beginning July 1, 2020 and ending June 30, 2025. This Annual Action Plan describes how HUD CPD funding will be distributed to address the priorities identified in the Consolidated Plan for the year beginning July 1, 2023 and ending June 30, 2024.

The primary purpose of HUD CPD programs administered by the ADOH and ADES is to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment and expanded economic opportunities for low-and-moderate income people, households and communities. HUD CPD resources are focused on households at various income levels including: 1) extremely low-income households that have income at or below 30% of the area median income (AMI); 2) very low-income households that have income 31%-50% of AMI; and 3) low-and moderate-income households that have income 51-80% of AMI.

The ADOH vision is a state where individual lives are impacted by the department's commitment to providing the opportunity for people to live the life they love in their own home. The ADOH administers programs for housing partners who apply to the department for funding with the underlying premise that safe, decent, affordable housing and healthy communities are the cornerstone of a rich, vibrant and clean environment that stimulates economic growth and provides the stability necessary for Arizonans to pursue their dreams.

The ADES works with families, community organizations, advocates, and state and federal partners to realize a collective vision that every child, adult, and family in Arizona will be safe and economically secure. The ADES Division of Community Assistance and Development (DCAD) supports statewide efforts to provide community-based services for individuals and families experiencing homelessness.

**2. Summarize the objectives and outcomes identified in the Plan**

The objectives of the Consolidated Plan are based on a housing market analysis, needs assessment, and stakeholder and citizen input. To address infrastructure, facility, housing and services needs with HUD CPD resources, the State established Consolidated Plan goals and objectives to address needs in six categories:

1. Community Facilities and Improvements.
2. Public Services.
3. Decent Affordable Housing.
4. Homelessness.
5. Housing and Services for People with HIV/AIDS.
6. Program Administration.

**3. Evaluation of past performance**

The State of Arizona continues to make progress towards goals established in the 5-year Consolidated Plan. It committed funding to promote community sustainability through improvements to facilities and infrastructure, owner-occupied housing rehabilitation, removal of architectural barriers, development of multi-family rental units, rental assistance, and supportive services to Arizona's low- and moderate-income and most vulnerable residents, including those experiencing or at risk of homelessness and with special needs. Performance is reported annually in the State of Arizona Consolidated Annual Performance Evaluation Report (CAPER).

**4. Summary of Citizen Participation Process and consultation process**

The PY2023 Annual Plan is made available for public comment from April 1, 2023 to April 30, 2023. A public hearing will be held on Wednesday April 5, 2022 at 10:00 am. The public comment period and public hearing were announced through an information bulletin and notice on the Arizona Department of Housing website. In addition, newspaper ads were placed in newspapers of general circulation throughout Arizona.

**5. Summary of public comments**

A summary of public comments received during the public comment period and at the public hearing will be included in the final Annual Action Plan submitted to HUD.

**6. Summary of comments or views not accepted and the reasons for not accepting them**

A summary of public comment received during the public comment period and at the public hearing but not accepted will be included in the Plan submitted to HUD.

**7. Summary**

Citizen and stakeholder consultation included a public hearing and public comment period.

**PR-05 Lead & Responsible Agencies - 91.300(b)**

**1. Agency/entity responsible for preparing/administering the Consolidated Plan**

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

<b>Agency Role</b>	<b>Name</b>	<b>Department/Agency</b>
CDBG Administrator	ARIZONA	Kathy Blodgett, CD&R Programs Administrator
HOPWA Administrator	ARIZONA	David Bridge, Special Needs Administrator
HOME Administrator	ARIZONA	Keon Montgomery, Assistant Deputy Director
ESG Administrator	ARIZONA	Jowan Thornton, Arizona Dept of Economic Security
Lead Annual Action Plan Contact	ARIZONA	Keon Montgomery, Assistant Deputy Director

**Table 1 – Responsible Agencies**

**Narrative**

The Arizona Department of Housing is the State of Arizona lead agency for and oversees the preparation and administration of the Consolidated Plan and Annual Action Plans.

**Consolidated Plan Public Contact Information**

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## AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

### 1. Introduction

ADOH and the ADES are involved on a continual basis in planning efforts with other State agencies and departments; city, town and county governments; regional councils of government; housing and social service providers; businesses; and citizens. State and local planning bodies often share some component of ADOH's or ADES' mission to address housing and community development needs for low-income and special needs populations throughout the state.

**Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l)).**

The ADOH and ADES participate in numerous efforts to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies, including:

The Arizona Management System (AMS) is designed to engage employees at all levels in data-driven decision-making and problem solving. AMS includes six key goals - ensuring world class education, driving economic opportunity, championing healthy communities, conserving natural resources, protecting life and property, and accelerating agency performance. The ADOH Director previously chaired working groups, including the long-term housing solutions for homeless and recidivism housing subgroups, out of which emerged 1) the Home Matters to Arizona, a new source of funding that endeavors to increase private contributions to affordable housing, and 2) a housing pilot program for inmates leaving the state prison system. The ADOH Director has also been a member of the efficient government and economy goal councils.

The development of the Arizona State Health Improvement Plan (AzHIP), *Healthy People, Healthy Communities*, is the result of the diligent work of numerous public health professionals, advocates and community stakeholders, including the ADOH. The AzHIP provides a structure and venue to bring together a networked system of partners to align resources and efforts to improve the health of Arizonans and Arizona communities.

The Arizona Housing Coalition (Coalition) is a 200+ member collaborative association that leads efforts to end homelessness and advocate for safe, affordable homes for all Arizonans. The Coalition is committed to championing funding priorities focused on increased development of affordable housing and aligning of resources that address homelessness and housing instability. The Coalition recently partnered with the ADOH to coordinate the Annual Arizona Housing Forum.

In collaboration with the ADES Division of Developmental Disabilities, the HUD 811 Project Rental Assistance Program provides rental assistance for people with developmental disabilities through the coordinated effort of public organizations, property owners and managers, and governmental and non-governmental health and service agencies.

In 2022, the Arizona Health Care Cost Containment System (AHCCCS) updated the Arizona Olmstead plan to detail how the community, including government and private funding, will come together to address the housing needs of people with disabilities. While the majority of Arizonans who are aging and individuals with intellectual and/or physical disabilities are living in integrated settings, they may not be actively engaged and participating in their communities. The working draft of the Arizona Olmstead Plan outlines how the State can support these individuals to find resources through individuals/agencies that provide services. Each state agency actively participates in quarterly meetings to discuss progress made on agency specific action plans, identify strategies to address implementation barriers, and discuss strategies for collaboration.

In addition, AHCCCS works with ADOH to create rental units for people with serious mental illness (SMI). AHCCCS contracts with Regional Behavioral Health Authorities (RHBAs) to provide integrated health care, crisis and housing services for members who have a serious mental illness. Each RHBA has a Housing Coordinator who is engaged with the Continuum of Care (CoC) and the housing system.

The Arizona SOAR (SSI/SSDI Outreach, Access and Recovery) steering committee meets regularly to increase access to disability income benefit programs administered by the Social Security Administration (SSA) for eligible adults who are homeless or at risk of homelessness, have a mental illness and/or a co-occurring substance use disorder, or have a serious physical illness that affects their ability to work at a substantial gainful level.

**Provide a concise summary of the state's activities to enhance coordination with local jurisdictions serving Colonias and organizations working within Colonias communities.**

There are 66 Arizona designated Colonias in the southern counties of Cochise, Gila, Graham, Greenlee, La Paz, Pima, Santa Cruz, and Yuma, and on the Cocopah, and Tohono O'odham Indian Reservations. The ADOH has developed a process to certify Arizona Colonias to ensure that they comply with federal legislation at Section 916 of the Cranston-Gonzalez Act of 1990 and HUD guidance. The ADOH sets aside 10% of its annual CDBG funds for projects in Colonias with high-priority needs. Colonias typically partner with local government to apply for CDBG Colonias funding, which is made available biennially to facilitate larger awards to address significant water, sewer and/or housing needs in their entirety.

Through a contract with ADOH, regional Councils of Government provide technical assistance to rural communities, including Colonia neighborhoods or communities. The ADOH is also a partner in the Rural Water Infrastructure Committee (RWIC), a partnership of various federal and state agencies that provide loans, grants, and technical assistance to Arizona's rural communities. The RWIC seeks to create a



sustainable organization of funders and technical assistance providers who partner to meet the needs of small drinking water and wastewater systems throughout Arizona.

**Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.**

The ADOH is the lead agency for the Arizona Balance of State Continuum of Care (AZBOSCO) for the 13 counties outside of Maricopa and Pima. The ADOH serves as the collaborative applicant and Unified Funding Authority (UFA) for CoC funds and is the Homeless Management Information System (HMIS) lead agency. The AZBOSCO has established Local Coalitions to End Homelessness (LCEHs) that bring together local government, community businesses, faith-based organizations, nonprofit organizations, integrated health care, and people who are experiencing or formerly experienced homelessness to develop local solutions to end homelessness. The ADOH annually applies for funding to HUD for projects and programs to address the needs identified through the CoC process. ADOH recently set aside \$5 million of the State Housing Trust (HTF) to enhance and support AZBOSCO efforts.

The Arizona Department of Veterans' Services Sustaining the Future Action Plan to End Homelessness Among Veterans reflects regional goals created by community partners concerned with veteran homelessness and services. The plan includes goals to end street/shelter homelessness, transform the temporary help system, and ensure ongoing system functionality for all veterans experiencing homelessness.

The ADOH recently completed an assessment of homelessness and housing opportunities throughout Arizona by meeting with the Local Coalitions to End Homelessness and the two urban CoCs. These discussions focused on unmet needs of people at risk of and experiencing homelessness. Discussions included efforts to address the needs of homeless persons, including chronically homeless individuals and families, families with children, veterans, and unaccompanied youth. Multiple recommendations, including developing quick-occupancy housing and shelter solutions, focusing on housing affordable to the lowest-income households, and improving interagency coordination and cooperation will be further explored during the coming year.

**Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS**

The ADES Division of Community Assistance and Development (DCAD) plans for ESG funding made available in this Annual Action Plan through the ESG Collaborators Group in Maricopa County and directly with all three CoCs in the State (Maricopa Regional, Tucson Pima Collaboration to End

Homelessness (TPCH), and Balance of State). The State ESG program funds objectives that local ESG recipients do not have the resources or capacity to address. As a result, in the Maricopa Regional and TPCH CoCs, State ESG funds will generally focus on rapid rehousing, allowing the local CoCs to focus on homelessness prevention. All four ESG activities (outreach, emergency shelter, rapid rehousing, and homeless prevention) are funded for the Balance of State. As part of the coordinated effort with the CoCs, the ADES Division of Community Assistance and Development (DCAD) works closely with the ADOH Homeless Management Information System to develop reports and procedures that allow all funders to measure and monitor program recipients and determine the best use of funds. The ADES and AZBOSCOC also participate in project ranking and review processes and are working towards developing common metrics.

Additionally, ADES consulted each CoC in the State (Maricopa Regional, Tucson Pima Collaboration to End Homelessness (TPCH), and Balance of State) to align performance standards before the release of FY2023 funding. Through the solicitation of performance standard feedback, ADES and each CoC can track progress, identify improvement areas, make data-driven decisions about how to operate best, and administer ESG funding throughout the State of Arizona.

By working together to develop and track performance measures, ADES can ensure that ESG funding is utilized most effectively to address the complex issue of homelessness. This consultative partnership between ADES and CoCs is a positive step towards improving outcomes for homeless individuals and families in the state.

**2. Agencies, groups, organizations and others who participated in the process and consultations**

The ADOH consulted with private, nonprofit and local government stakeholders in the development of this Annual Action Plan. Consultation opportunities were offered to all stakeholders on the ADOH mailing list, including broadband providers, flood management and climate change entities.

**Identify any Agency Types not consulted and provide rationale for not consulting**

The ADOH offered an opportunity for consultation and consulted with all agency and organization types to identify priorities and needs.

**Other local/regional/state/federal planning efforts considered when preparing the Plan**

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	AZ Dept of Housing	The goals of the Consolidated Plan strategic plan and Continuum of Care share the common goals of preventing and ending homelessness.

**Table 2 – Other local / regional / federal planning efforts**

**Narrative**

In addition to Councils of Government that are partners in distributing CDBG funds, the ADOH offered two separate opportunities for the following entities to participate in the process: housing services and assisted housing providers; Public Housing Authorities; health services; social services entities including those serving children, elderly persons, persons with disabilities, persons with HIV/AIDS, domestic violence survivors, homeless, health, education, employment, fair housing; broadband internet providers; entities that narrow the digital divide; health agencies; child welfare agencies; agencies that manage flood prone areas, public land or water resources, and emergency management; other state and local government; and business and civic leaders. The ADOH held a meeting to secure information regarding needs and priorities at the Statewide Annual Housing Forum to receive input into the Annual Action Plan. The Forum was attended by over 400 people and over 100 individuals attended the meeting.

While the state can provide multiple opportunities for a broad range of organizations and entities to participate in plan development, the state cannot mandate participation and not all entities will elect to participate. A list of public hearing participants is attached to the Plan.

**AP-12 Participation - 91.115, 91.300(c)****1. Summary of citizen participation process/Efforts made to broaden citizen participation  
Summarize citizen participation process and how it impacted goal-setting**

The ADOH implemented its 2020-2024 Citizen Participation Plan to broaden citizen participation through a public hearing and public comment period. The goals identified in the Consolidated Plan and PY2023 Annual Action Plan reflect input regarding priority needs and investments received through the citizen participation process.

The draft PY2023 Annual Action Plan is available for a thirty-day public comment period from April 1, 2023 to April 30, 2023. A dual-mode (virtual and in-person) public hearing will be held on Wednesday April 5, 2023 at 10:00 am. In addition to public notices placed in newspapers and on the ADOH website, the ADOH announced the public comment period and availability of the draft PY2023 Annual Action Plan and related materials through its listserv.

**2. Summary of citizen participation process and efforts made to broaden citizen  
participation in Colonias**

The ADOH implemented its 2020-2024 Citizen Participation Plan to broaden citizen participation through a public hearing and public comment period. The goals identified in the Consolidated Plan and PY2023 Annual Action Plan reflect input regarding priority needs and investments received through the citizen participation process.

The draft PY2023 Annual Action Plan is available for a thirty-day public comment period from April 1, 2023 to April 30, 2023. A dual-mode (virtual and in-person) public hearing will be held on Wednesday April 5, 2023 at 10:00 am. In addition to public notices placed in newspapers and on the ADOH website, the ADOH announced the public comment period and availability of the draft PY2023 Annual Action Plan and related materials through its listserv.

## Expected Resources

### AP-15 Expected Resources – 91.320(c)(1,2)

#### Introduction

The State of Arizona has been allocated Community Development Block Grant (CDBG), HOME Investments Partnerships Program (HOME), Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), and National Housing Trust Fund (NHTF) Consolidated Plan resources from the US Department of Housing and Urban Development in PY2023.

At the time this Annual Action Plan was posted for Public Comment, the NHTF allocation had not yet been announced. The expected amount available from the NHTF is estimated at approximately half the amount received in PY2022. When the actual PY2023 NHTF allocation amount is known, this plan will be amended to reflect the actual amount. The amount of NHTF funds allocated to activities and to administration will be proportionately increased or decreased based on the increased or decreased allocation.

In addition to HUD CPD resources, the ADOH was allocated \$917,922 of FFY2022 and \$1,174,274 of FFY 2023 Recovery Housing Program (RHP) Funds. The RHP plan is amended separately from this Annual Action Plan.

Program	Annual Allocation	Program Income and Prior Year Resources	Total Available PY2023	Program Description
CDBG	\$9,905,563	\$ 0	\$9,905,563	Community Development Block Grant (CDBG) funds may be used for a variety of activities that address the needs of low-and-moderate-income residents and communities. Eligible uses of funds include public improvements and services, housing, planning and administration. HUD requires the State of Arizona set-aside not 10% of the annual allocation for activities taking place in designated Colonias. All activities must meet a CDBG National Objective.

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Program	Annual Allocation	Program Income and Prior Year Resources	Total Available PY2023	Program Description
HOME	\$6,798,544	\$ 0	\$6,798,544	HOME Investment Partnership Program (HOME) funds may be used to assist low-and-moderate-income owners and renters through new construction of housing, acquisition and/or rehabilitation of housing, tenant-based rental assistance, and homeownership assistance. 15% of HOME funds are set aside for development activities carried out by specially-formed nonprofit organizations called Community Housing Development Organizations
HOPWA	\$608,782	\$ 0	\$608,782	The Housing Opportunities for Persons with AIDS (HOPWA) program funds housing assistance and support services for low-income persons with HIV/AIDS and their families.
ESG	\$1,766,224	\$ 0	\$1,766,224	The Emergency Solutions Grant (ESG) program provides funding to: 1) engage homeless individuals and families living on the street; 2) improve the number and quality of emergency shelters; 3) help operate shelters; 4) provide essential services to shelter residents; 5) rapidly re-house individuals and families experiencing homelessness; and 6) prevent families and individuals from becoming homeless.
NHTF	\$5,766,566	\$ 0	\$5,766,566	The National Housing Trust Fund (NHTF) is targeted to building, rehabilitating, preserving, and operating rental housing for extremely low-income people.

**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

HUD Consolidated Plan resources are leveraged with numerous federal, state, local and private resources to address the needs identified in this plan. Federal leverage resources from the US Department of Housing and Urban Development include:

1. Continuum of Care funding for emergency and transitional housing, permanent housing placement, essential services, rapid rehousing (rental assistance), and permanent housing in facilities.
2. Veterans Affairs Supportive Housing vouchers for rent subsidies to Veterans experiencing homelessness.
3. Section 811 Project Rental Assistance for housing people with developmental disabilities.

State leverage resources include:

1. Federal and State Low-income Housing Tax Credit financing for developers of affordable rental housing serving low-income households.
2. The Arizona Industrial Development Authority HOME PLUS mortgage program.
3. The Arizona Housing Trust Fund for the 25% HOME match requirement.
4. The Arizona Housing Program Fund and leveraged resources from units of local government for the CDBG match requirement.
5. SSBG, TANF service funds, the Arizona Lottery and General funds to support activities to address homelessness and to match ESG funds.

Local and private leverage resources include:

1. Federal Home Loan Bank resources that support savings for homeownership and provide financing for affordable housing development and preservation.
2. ESG matching funds from allowable costs incurred by sub-grantees, cash donations, and the value of third-party in-kind contributions.
3. Private equity and financing for the acquisition, rehabilitation and production of rental and owner housing.

As listed above, in addition to lottery funds, ESG matching requirements are satisfied through allowable costs incurred by sub-grantees, cash donations, and the value of third-party in-kind contributions. In addition to State Housing Trust Funds, HOME matching requirements are met through the acquisition, rehabilitation and production of rental housing.

**If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

The State of Arizona does not have land or property that may be used to address the needs identified in this plan.



## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives – 91.320(c)(3) &(e)

#### Goals Summary Information

The ADOH and ADES have established the following goals based on the expected distribution of funds to eligible activities.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Community Facilities and Improvements	2020	2024	Non-Housing Community Development	State of Arizona FY2020-2024	Community Facilities and Improvements	CDBG: \$6,438,616	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 20,000 Persons Assisted Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 20 Households Assisted Buildings Demolished: 1 Buildings
2	Public Services	2020	2024	Non-Housing Community Development	State of Arizona FY2020-2024	Public Services	CDBG: \$99,056	Public service activities other than Low/Moderate Income Housing Benefit: 1,250 Persons Assisted

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Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	Decent Affordable Housing	2020	2024	Affordable Housing Non-Homeless Special Needs	State of Arizona FY2020-2024	Decent Affordable Housing	CDBG: \$1,981,113 HOME: \$6,118,690 NHTF: \$5,189,909	Rental units constructed: 100 Household Housing Unit Rental units rehabilitated: 5 Household Housing Unit Homeowner Housing Rehabilitated: 47 Household Housing Unit
4	HIV/AIDS Housing and Services	2020	2024	Non-Homeless Special Needs	State of Arizona FY2020-2024	Housing and Services for People with HIV/AIDS	HOPWA: \$547,904	Public service activities other than Low/Moderate Income Housing Benefit: 50 Persons Assisted Tenant-based rental assistance / Rapid Rehousing: 25 Households Assisted Homelessness Prevention: 50 Persons Assisted

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Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	Homelessness	2020	2024	Homeless	State of Arizona FY2020-2024	Homelessness	ESG: \$1,633,757	Public service activities other than Low/Moderate Income Housing Benefit: 600 Persons Assisted Tenant-based rental assistance / Rapid Rehousing: 400 Households Assisted Homeless Person Overnight Shelter: 6,000 Persons Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 20 Beds Homelessness Prevention: 150 Persons Assisted
6	Program Administration	2020	2024	Program Administration		Program Administration	CDBG: \$396,223 HOPWA: \$60,878 HOME: \$679,854 ESG: \$132,467 HTF: \$576,657	Other: 1 Other

**Table 3 – Goals Summary**

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### Goal Descriptions

1	<b>Goal Name</b>	Community Facilities and Improvements
	<b>Goal Description</b>	Development of/ improvements to facilities for seniors, youth, persons with disabilities, abused and neglected children, neighborhood facilities, parks/ recreation facilities, child care centers, fire stations/ equipment, health facilities, bus shelters. Development of/ improvements to flood drainage, water/sewer systems, streets, sidewalks, including for housing development. Includes water lines, sanitary/storm sewers, fire hydrants, traffic lights/signs. Development of/ improvements to group homes, emergency shelter/transitional housing facilities (that add beds). Clearance and demolition or movement of buildings to other sites.
2	<b>Goal Name</b>	Public Services
	<b>Goal Description</b>	Services to LMI individuals, including persons experiencing homelessness, seniors, persons with disabilities, youth, domestic violence survivors, people with serious mental illness, people with alcohol/substance use disorders, abused/neglected children, domestic violence survivors.
3	<b>Goal Name</b>	Decent Affordable Housing
	<b>Goal Description</b>	Acquisition and/or rehabilitation of affordable rental housing, including energy-efficiency, disability accessibility improvements, temporary or permanent relocation, permanent supportive housing, transitional housing, HOME CHDO set-aside. Construction of affordable rental housing, including permanent supportive housing, transitional housing, HOME CHDO set-aside. Rehabilitation of housing occupied by LMI owners, including energy-efficiency and disability accessibility improvements.
4	<b>Goal Name</b>	HIV/AIDS Housing and Services
	<b>Goal Description</b>	Essential services, housing information services, monthly rental assistance and/or security/utility deposits, permanent supportive housing, tenant-based rental assistance, permanent housing placement, and short-term assistance with rent, mortgage and utilities to prevent homelessness among LMI persons with HIV/AIDS and their families.

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5	<b>Goal Name</b>	Homelessness
	<b>Goal Description</b>	Rent, mortgage, utility and related assistance to maintain housing stability and prevent homelessness. Essential services including street outreach. Operating support for emergency/transitional shelter. Monthly rental assistance for households experiencing homelessness. Improvements to emergency/transitional shelter (no beds added). Development of or conversion to emergency/transitional shelter. (incl. improvements with added beds).
6	<b>Goal Name</b>	Program Administration
	<b>Goal Description</b>	Program Administration, including indirect costs, 1% CDBG technical assistance, and fair housing activities.

## AP-25 Allocation Priorities – 91.320(d)

### Introduction:

Funding allocation priorities for FY2022 are shown in the table below.

### Funding Allocation Priorities

	Community Facilities and Improvements (%)	Public Services (%)	Decent Affordable Housing (%)	HIV/AIDS Housing and Services (%)	Homelessness (%)	Program Administration (%)	Colonias Set-Aside (%)	Total (%)
CDBG	65	1	20	0	0	4	10	100
HOME	0	0	90	0	0	10	0	100
HOPWA	0	0	0	97	0	3	0	100
ESG	0	0	0	0	93	7	0	100
HTF	0	0	90	0	0	10	0	100

Table 4 – Funding Allocation Priorities

### Reason for Allocation Priorities

The State determines allocation priorities through analysis of needs and demand, historical funding data, and through consultation with public and private partners, units of local government, service providers, and nonprofit and for-profit organizations. All allocations are based on program methods of distribution.

### How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

The proposed funds distribution was determined based on allocation priorities using historical data as reported in the State’s Consolidated Annual Performance Report and any planned changes to the uses of funds to address priority needs and specific objectives. All funds are distributed to address priority housing, homelessness, special populations, and non-housing community development needs.

## **AP-30 Methods of Distribution – 91.320(d)&(k)**

### **Introduction:**

The State’s methods of distribution describe how funds are distributed to subrecipients and units of local government that administer projects and programs using Consolidated Plan resources. These methods of distribution are intended to reach all areas of the State, including both rural and urban areas, where appropriate.

### **1 Program Name: CDBG**

#### **Describe the state program addressed by the Method of Distribution.**

CDBG Eligible activities are found in 24 CFR Part 570.482, as amended and typically involve construction and rehabilitation of public facilities (parks, streets, sewers), owner-occupied housing rehabilitation, and public services such as job training. ADOH plans to utilize no less than seventy percent of CDBG funds for activities that directly benefit persons of low- and moderate-income and no more than thirty percent for addressing community blight or urgent needs. All activities identified as priorities in section SP-25 of the State of Arizona 2020-2024 Consolidated Plan are eligible for funding under this Action Plan.

#### **Describe all of the criteria that will be used to select applications and the relative importance of these criteria.**

Applicants must propose projects that are necessary, feasible, financially viable, ready to start, conform to compliance standards, meet a national objective, and result in benefit. Projects must adhere to contracted progress and expenditure timeliness parameters, and address a high priority need. Benefit to low-income persons, preventing or eliminating slum or blight or meeting other urgent community needs must be measurable by the end of the approved contract timeframe.

#### **If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)**

All application materials are available on the ADOH website. Additionally, the following handbooks are available: CDBG Application Handbook; CDBG Administration Handbook; ADOH Environmental Review Handbook; ADOH Procurement, Contracts and Acquisition Handbook; ADOH Labor Standards Handbook; and ADOH Section 3 Handbook.

#### **Describe how resources will be allocated among funding categories.**

The ADOH will retain 2% plus \$100,000 for State administration and 1% for technical assistance. ADOH will provide the 2% required match in non-federal matching funds. Ten percent (10%) of the CDBG project allocation will be set-aside for activities in designated Colonia. Eighty-five percent (85%) of the remaining amount of CDBG funds (after administration, technical assistance and the Colonia set-aside) will be distributed into the Regional Account (RA). The RA is divided into four (4) sub-accounts, one for

each of the non-metropolitan Council of Governments (COG) regions. To determine the amount of CDBG funding allocated to each COG's sub account, the State uses a formula based on population and persons in poverty. Regional Account allocations for 2023 are: NACOG - \$2,265,072 (31.28%), WACOG - \$2,802,628 (38.71%), CAG - \$825,459 (11.4%), and SEAGO - \$1,347,005 (18.6%). Each COG region must adopt a Method of Distribution (MOD) and submit it to ADOH for approval. The MOD contains a multi-year schedule indicating how regional CDBG allocations will be distributed so that all eligible communities within each respective COG region will receive funding. This will allow each community to plan its CDBG projects in advance.

After the regional MOD is adopted and approved by the ADOH, local governments identified as eligible to receive funding in the current year must complete applications for funding and route them through the COG to ADOH. The COG reviews each application for completeness, priority project selection, and assists the applicant with rectifying any application deficiencies; the COGs have no discretion to approve or reject applications and must forward all applications to the State.

All Regional Account applications are due to ADOH by 4:00 P.M. according to the following schedule: NACOG - June 1 annually; WACOG - July 1 annually; SEAGO - August 1 annually; and CAG - September 1 annually.

ADOH will accept the submission of one (1) project application per individual community and no more than three (3) per County for the Regional Account during their funding cycle. ADOH may grant a waiver to cities and towns if, through the public participation process, the need for a planning or public service activity in addition to another eligible CDBG activity is identified. In this case, ADOH may allow the city or town UGLG to submit two (2) applications to the Regional Account funding round. A written Waiver Request and support documentation must be submitted to ADOH at least 45 days prior to the Regional Account application deadline. ADOH will not consider waiver requests for any activity types other than a public service or planning grant. If a waiver for a Planning Grant is approved, the UGLG must commit to implementation of the activity in the planning grant with their next awarded CDBG Regional or SSP Application.

**Describe threshold factors and grant size limits.**

Applications/projects will be funded only if the following threshold criteria are met on the date the application is received by the ADOH: all reporting required by the ADOH is up to date; all monitoring findings have been cleared; recipient is compliant with all current contracts, including all original contract schedules or has obtained ADOH approvals for revisions or amendments to their schedule; recipient has no contracts over the previous three (3) years that have been extended more than once; for all previously-funded projects, environmental clearances have been obtained and scope of work has



begun; and recipient has no current contract in which funds have not been drawn for six (6) months. In addition, recipients:

- With contracts in their twenty-fourth (24th) or greater month must be one hundred percent (100%) complete with the scope of work and CDBG funds must be one hundred percent (100%) expended or de-obligated;
- With contracts in their eighteenth (18th) to twenty-third (23rd) month must be seventy-five percent (75%) complete with the scope of work and CDBG funds must be seventy-five percent (75%) expended;
- With contracts in their twelfth (12th) to seventeenth (17th) month must be fifty percent (50%) complete with the scope of work and CDBG funds must be fifty percent (50%) expended; and
- With contracts in their seventh (7th) to eleventh (11th) month must be twenty-five percent (25%) complete with the scope of work and CDBG funds must be twenty-five percent (25%) expended.

The grant size for Regional Account projects is determined by the formulas used for each COG's approved method of distribution. Grant size for Colonia set aside projects is determined by 2 years of pooled ten percent (10%) set asides and then through project application budgets and sources and uses. SSP grant size is a maximum \$500,000 per project.

Fifteen percent (15%) of the remaining amount of CDBG funds (after administration, technical assistance and the Colonia set-aside) will be distributed into the competitive State Special Projects Account (SSP). All communities eligible to receive funding from the State CDBG program are eligible to apply for SSP funding. Eligible goal categories are: 1) public facilities and improvements, including emergency/transitional shelter facilities that add beds and infrastructure in support of affordable housing development or economic development; 2) rental housing acquisition/rehabilitation or construction; and 3) homeowner housing rehabilitation. Applications must demonstrate that the eligible activity is ready to begin implementation immediately with environmental review requirements completed, Release of Funds issued, land control secured, planning, design and permitting complete and all other related upfront issues resolved. A NOFA will be released and will include the application form and applicable deadlines. The NOFA will indicate any variances in project eligibility, documentation requirements, etc. Projects will be selected for SSP funding through a competitive process in which applications are scored by a rating and ranking system that includes project priority, project need,

percentage of low/mod income persons served, project readiness, leveraged funds, and organizational capacity.

**What are the outcome measures expected as a result of the method of distribution?**

Investment of CDBG funds will create suitable living environments, promote sustainability and make housing affordable and accessible. Over the year covered by this plan, ADOH anticipates assisting 25 households and 20,000 persons through investment of CDBG funds.

**2 Program Name: CDBG Colonias Set-aside****Describe the state program addressed by the Method of Distribution.**

According to Section 916 of the Cranston-Gonzalez Act of 1990, a “Colonia” is any identifiable community that: is located within 150 miles of the US-Mexico border, except within any standard metropolitan statistical area that has a population exceeding 1,000,000; is designated by the State or county in which it is located as a Colonia; is determined to be a Colonia on the basis of objective criteria, including the lack of potable water supply, lack of adequate sewage systems and lack of decent, safe and sanitary housing; and is generally recognized as a Colonia before the enactment of the National Affordable Housing Act of 1990.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria.**

HUD mandates the State expend at least ten percent (10%) of its CDBG project allocation in areas designated as Colonias. Colonia funding will be distributed through a competitive application process. The ADOH will issue a funding notice once every two (2) years to solicit projects located in eligible, designated Colonias. Eligible projects include water or sewer infrastructure and substantial housing rehabilitation.

**If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)**

All Colonia Set Aside application requirements and materials will be available on the ADOH website; in the NOFA; and in the CDBG Application Handbook. Additionally, the following handbooks are available: CDBG Administration Handbook; ADOH Environmental Review Handbook; ADOH Procurement, Contracts and Acquisition Handbook; and ADOH Section 3 Handbook.

**Describe how resources will be allocated among funding categories.**

Water/sewer infrastructure (delivery and/or treatment systems) and substantial housing rehabilitation activities are considered eligible Colonia set-aside activities.

Resources will be allocated based on relative needs using needs assessment data provided in each application.

Cities, towns, counties and tribal reservations that contain either geographically defined neighborhoods or unincorporated communities certified as Colonias are eligible to apply for and receive CDBG Colonia Set Aside funding. Maricopa, Pima, and Pinal Counties, as well as the communities and tribal reservations located within those counties, are excluded from eligibility for Colonias funding.

**Describe threshold factors and grant size limits.**

The Colonias funding notice will further outline the Colonia Set Aside maximum project funding, application requirements, and the scoring categories that will be used to award projects for Colonias demonstrating the greatest need due to severe water, sewer and housing issues. Other scoring categories will include, but are not limited to, poverty level, leveraged funds, project need, project priority, project readiness, past performance and organizational capacity. An application for Colonia Set Aside funds will not affect a jurisdiction's eligibility for other CDBG funding. CDBG Colonia resources for Federal FY2023 and FY2024 will be combined and will be awarded through one (1) competitive funding round announced through a Notice of Funding Availability (NOFA) in State Fiscal Year 2024.

Thresholds are outlined in the NOFA when released, and in the CDBG Application Handbook. Grant size is limited to the total amount of available funds listed in the NOFA, which is usually equal to two (2) years of CDBG Colonia Set Aside funds at ten percent (10%) per year. This will allow sufficient funding for applicants to address water, sewer or housing related issues in their entirety.

**What are the outcome measures expected as a result of the method of distribution?**

Colonia Set Aside funding will provide accessibility/affordability, promote sustainability and create suitable living environments. It is anticipated that Colonia Set Aside Funds will provide assistance to approximately 2,000 Colonia residents every two (2) years.

**3 Program Name: ESG****Describe the state program addressed by the Method of Distribution.**

Emergency Solutions Grant (ESG) funds support: Street Outreach Services to people experiencing homelessness; basic shelter and supportive services for people experiencing homelessness in the form of operation costs and direct services for persons living in Emergency Shelters; Homelessness Prevention services to assist individuals and families at risk of losing housing and becoming homeless; and Rapid Re-Housing support for individuals and families who are experiencing homelessness and need assistance to return to housing and independent living. ESG funds also support HMIS data collection, information management and reporting systems and administrative services necessary to coordinate grant activities. ESG funding for Outreach Essential Services and Emergency Shelter will not exceed sixty percent (60%) of the FY2023 grant amount.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria.**

The ADES awards ESG funds through a competitive Request for Proposals (RFP) process or through establishing an Intergovernmental Agreement (IGA) with local municipalities. Each RFP describes in detail the criteria that are used to select applications. The criteria may include service methodology, experience and expertise, cost, capacity, and other relevant factors. Contracts are awarded based on the needs of the service area and available service providers.

Aligned criteria for the administration of ESG funding via IGA include service methodology, experience and expertise, cost, capacity, and other relevant factors and are in alignment with established ESG criteria adopted by ADES.

**Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)**

The ADES awards ESG funds through a competitive Request for Proposals (RFP) process. Each RFP describes in detail the criteria that will be used to select applications. The criteria may include service methodology, experience and expertise, cost, capacity, and other relevant factors.

Additionally, ADES may establish Intergovernmental Agreements with local municipalities to administer and distribute ESG funding. ESG Contracts are awarded based on the needs of the service area and

available service providers. The criteria may include service methodology, experience and expertise, cost, capacity, and other relevant factors.

**Describe how resources will be allocated among funding categories.**

ESG funds are administered through the Arizona Department of Economic Security (ADES). The ADES retains seven and one-half percent (7.5%) of the grant award for administrative costs. The remaining ninety-two and one-half percent (92.5%) of funds will be allocated as follows: approximately five percent (5%) for Street Outreach; approximately forty percent (40%) for Emergency Shelter; approximately seven percent (7%) for Homelessness Prevention; and approximately forty-one percent (41%) for Rapid Re-Housing.

**Describe threshold factors and grant size limits.**

Contracts are awarded based on the needs of the service area and available service providers. There are no grant size limits other than the budget proposals included in the RFP response. One aspect of the review process is assessing the number of people that each provider commits to serve and the projected cost per person served as reflected in the proposed budget.

The ADES Division of Community Assistance and Development (DCAD) requires all sub-contractors to adhere to program goals and objectives including serving target populations. Contracts require that at least forty percent (40%) of all rapid re-housing and/or homeless prevention participants represent at least one of the priority population criteria: 1) chronically homeless; 2) disabled; 3) experiencing substance abuse issues; 4) being released from an institution; 5) being released from a substance abuse facility; 6) aging or aged-out of child foster care; 7) domestic violence survivor; 8) youth 18 to 24 years of age; 9) veterans; or 10) sixty-two (62) years of age or older.

**What are the outcome measures expected as a result of the method of distribution?**

ESG funding increases the availability and accessibility of suitable living environments and housing options by providing a wide range of supportive and housing services to persons experiencing homelessness or at risk of homelessness including Street Outreach Services, Temporary Emergency Shelter, and Rapid Re-Housing and Homeless Prevention Services. Approximately 400 people and 200 households will benefit from the investment of ESG resources during the coming year.

#### **4 Program Name: HOME**

##### **Describe the state program addressed by the Method of Distribution.**

The Home Investment Partnership (HOME) program provides funding for local programs that support the construction or rehabilitation of rental housing and the rehabilitation of owner-occupied housing.

##### **Describe all of the criteria that will be used to select applications and the relative importance of these criteria.**

Application rounds for the HOME program are announced through a Notice of Funds Availability (NOFA) and applications are selected through a competitive process, on a first-come, first-served basis, or as gap financing to eligible LIHTC projects. Criteria may include readiness, project team capacity, priority populations served and percentage of leverage funds. Competitive point scoring of homeowner housing rehabilitation favors non-entitlement areas outside of Maricopa and Pima Counties.

##### **Describe how resources will be allocated among funding categories.**

The ADOH will allocate HOME funding as follows: 10% of the annual allocation for ADOH administrative costs; 15% of the annual allocation for CHDO-eligible rental housing development activities; not less than \$2.5 million to owner-occupied housing rehabilitation; and the remaining funds for rental housing development, including the CHDO set-aside and supportive housing. If CHDO funds remain available, a NOFA strictly for CHDO projects may be released. Additional NOFAs will be released for owner-occupied housing rehabilitation and rental housing development, if necessary.

##### **Describe threshold factors and grant size limits.**

To be eligible to apply for HOME funds (for any project type) the applicant and all of its team members, with the exception of the applicant's consultant ("Applicant Team") must meet the following performance criteria on all HOME, CDBG and NHTF contracts on the date the application is received by ADOH:

1. All reporting required by the ADOH is current;
2. All monitoring findings have been cleared;
3. All fees payable to ADOH are paid;
4. Applicant Team: Is compliant with all current contracts, including with all original contract project timelines or has obtained ADOH approvals for revisions or amendments to their project timelines; Has no existing HOME, CDBG or NHTF contracts in which project completion reports and data have not been submitted and accepted, including occupancy data, by ADOH within sixty (60) days of a final draw; Has no current CDBG, HOME or NHTF contract in which funds

- have not been drawn for six (6) months or twelve (12) months, depending on the activity; Has no outstanding or unresolved contractual, property, or beneficiary-related compliance issues;
5. With contracts in their twenty-fourth (24th) or greater month are one hundred percent (100%) complete with Scope of Work, Contract Close-out Report received and approved, and HOME Funds one hundred percent (100%) expended or de-obligated;
  6. For all previously funded projects, environmental clearances have been obtained and scope of work has begun;
  7. The applicant is an eligible applicant;
  8. The activity, project and property type are eligible;
  9. Funds are budgeted for eligible uses;
  10. Proposed beneficiaries are eligible;
  11. The amount of funds invested per unit does not exceed the program limits and is at least \$1,000/unit;
  12. Applicant has certified that all development or rehabilitation will meet, at a minimum, all local building codes and the property is properly zoned for the proposed use and meets local ordinances;
  13. The applicant (and all of its team members) is not included on the Federal Excluded Parties List located at: [www.sam.gov](http://www.sam.gov);
  14. The Environmental Review requirements pursuant to 24 CFR Part 58, (up to Part III HUD Appendix A for Single Family Owner-Occupied Rehabilitation) are complete and an Authority to use Grant Funds from HUD or ADOH is provided;
  15. All funding sources (loans, grants, fee waivers, land donations, etc.) are secured with written binding commitments;
  16. The project is scheduled to start within ninety (90) days of executing a Funding Agreement with the ADOH, unless waived by the ADOH.

Investment/grant sizes are specified in each NOFA and are typically not less than \$250,000.

### **What are the outcome measures expected as a result of the method of distribution?**

The State will use its HOME allocation to increase the availability/accessibility and affordability of decent housing and provide suitable living environments for low-income households. ADOH anticipates assisting approximately thirty-five (35) homeowner households through housing rehabilitation and seventy-five (75) renter households through rental housing acquisition/rehabilitation and new construction.



**5 Program Name: HOPWA****Describe the state program addressed by the Method of Distribution.**

Housing Opportunities for Persons with AIDS (HOPWA) funds provide housing and supportive services for persons with HIV/AIDS and their families. HOPWA funds may be used for acquisition, rehabilitation or new construction of short-term or permanent housing units and may also fund rental assistance, facility operations, housing placement, homelessness prevention, medical and mental health services, chemical dependency treatment, nutritional services, case management and other supportive services.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria.**

Project sponsors are selected by ADOH after extensive outreach efforts to local government entities, nonprofits and grassroots organizations. Contracts will be reviewed annually, with additional proposals solicited as necessary.

**Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)**

Project sponsors are selected by ADOH after extensive outreach efforts to local government entities, nonprofits and grassroots organizations. Contracts will be reviewed annually, with additional proposals solicited as necessary to identify potential new partners.

**Describe how resources will be allocated among funding categories.**

Three percent (3%) of the annual HOPWA allocation will be retained by ADOH for administration. Grantees will be allowed to utilize seven percent (7%) of the annual allocation for grantee administration costs. The remaining ninety percent (90%) of the annual allocation will be used for rental assistance, homelessness prevention, permanent housing placement, and direct service provision. ADOH will contract with housing providers to administer the HOPWA program within the thirteen (13) non-entitlement counties. Two-thirds (2/3) of HOPWA funding will be utilized for housing assistance and

one-third (1/3) will be used for supportive services, including permanent housing placement and housing information and services.

**Describe threshold factors and grant size limits.**

Contracts are awarded based on the needs in the service area and available service providers. There are no grant size limits.

**What are the outcome measures expected as a result of the method of distribution?**

ADOH will utilize HOPWA funds to increase the availability/accessibility and affordability of suitable living environments and decent housing through organizations that provide planning for housing needs, education, and access to essential community resources. Approximately seventy-five (75) people are anticipated to be served using available HOPWA funds.

**6 Program Name: National Housing Trust Fund****Describe the state program addressed by the Method of Distribution.**

The National Housing Trust Fund (NHTF) program provides funding for local programs that support the construction or rehabilitation of rental housing affordable to extremely low-income households.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria.**

Application rounds for the NHTF program are announced through a Notice of Funds Availability (NOFA) and applications are selected through a competitive process, on a first-come, first-served basis, or as gap financing to LIHTC and non-LIHTC projects when projects identify eligible gaps. Criteria may include: 1) demand; 2) capacity, experience and past performance of applicant; 3) extent to which units are affordable to extremely-low-income individuals and families; 4) project readiness; 5) sustainable development (energy efficiency); 6) the duration of the affordability period; and 7) the extent to which the project leverages non-federal funding sources.

**Describe how resources will be allocated among funding categories.**

The ADOH will allocate NHTF funding as follows: 10% of the annual allocation for ADOH administrative costs and 90% of the annual allocation for the construction or rehabilitation of rental housing affordable to extremely low-income households.

**Describe threshold factors and grant size limits.**

To be eligible to apply for NHTF, the applicant and all of its team members, with the exception of the applicant's consultant (Applicant Team) must meet the following performance criteria on all HOME, CDBG and NHTF contracts on the date the application is received by ADOH:

1. All reporting required by the ADOH is current;
2. All monitoring findings have been cleared;
3. All fees payable to ADOH are paid;
4. Applicant Team: Is compliant with all current contracts, including with all original contract project timelines or has obtained ADOH approvals for revisions or amendments to their project timelines; Has no existing HOME, CDBG or NHTF contracts in which project completion reports and data have not been submitted and accepted, including occupancy data, by ADOH within sixty (60) days of a final draw; Has no current CDBG, HOME or NHTF contract in which funds have not been drawn for six (6) months or twelve (12) months, depending on the activity; Has no outstanding or unresolved contractual, property, or

- beneficiary-related compliance issues; With contracts in their twenty-fourth (24th) or greater month are one hundred percent (100%) complete with Scope of Work, Contract Close-out Report received and approved, and HOME Funds one hundred percent (100%) expended or de-obligated;
5. For all previously funded projects, environmental clearances have been obtained and scope of work has begun;
  6. The applicant is an eligible applicant;
  7. The activity, project and property type are eligible;
  8. Funds are budgeted for eligible uses;
  9. Proposed beneficiaries are eligible;
  10. The amount of funds invested per unit does not exceed the program limits and is at least \$1,000/unit;
  11. Applicant has certified that all development or rehabilitation will meet, at a minimum, all local building codes and the property is properly zoned for the proposed use and meets local ordinances;
  12. The applicant (and all of its team members) is not included on the Federal Excluded Parties List located at: [www.sam.gov](http://www.sam.gov);
  13. The Environmental Review requirements pursuant to 24 CFR Part 50 are complete;
  14. All funding sources (loans, grants, fee waivers, land donations, etc.) are secured with written binding commitments;
  15. The project is scheduled to start within ninety (90) days of executing a Funding Agreement with the ADOH, unless waived by the ADOH.

Investment/grant sizes are specified in each NOFA and are typically not less than \$250,000.

Maximum NHTF investments are specified in each NOFA.

### **What are the outcome measures expected as a result of the method of distribution?**

The State will use its NHTF allocation to increase the availability/accessibility and affordability of decent housing and provide suitable living environments for low-income households. ADOH anticipates assisting approximately twenty-six (26) households at or below thirty percent (30%) AMI with rental construction or rehabilitation.

### **Discussion:**

These methods of distribution allow the State to address housing, community development and

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homelessness needs throughout Arizona. CDBG funds are distributed to non-entitlement jurisdictions on both a competitive basis and a non-competitive basis to ensure all eligible communities can receive funding for the most important CDBG-eligible activities in their communities. HOME funds are distributed statewide for rental development and owner-occupied housing rehabilitation on a competitive basis, first-come, first-served basis and as LIHTC gap financing for rental development.

Scoring for owner-occupied housing rehabilitation slightly favors geographies and jurisdictions that are not CDBG entitlement community or HOME Participating Jurisdictions. ESG funds are distributed on a competitive basis targeted to areas with a higher percentage of homeless populations. HOPWA project sponsors are selected by ADOH after extensive outreach efforts to local governmental entities, non-profits and grassroots organizations, and project sponsor contracts are reviewed annually. NHTF funds are distributed statewide through a Notice of Funds Available process that may be competitive, first-come, first-served or gap financing for LIHTC projects.

## **AP-35 Projects – (Optional)**

### **Introduction:**

Project-level detail is not required for a State grantee's Annual Action Plan. Once the State of Arizona has allocated funding via its Methods of Distribution, it will add projects for the program year.

### **Describe the reasons for allocation priorities and any obstacles to addressing underserved needs**

The State determines allocation priorities through analysis of needs and demand, historical funding data, and through consultation with public and private partners, units of local government, service providers, and nonprofit and for-profit organizations.

Rapid population growth combined with inadequate funding to address the huge existing unmet need for affordable housing, housing rehabilitation, public facilities and improvements, and public services, and a scarcity of capacity in many rural areas are the primary obstacles to meeting underserved needs.

**AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)**

**Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?**

No

**Available Grant Amounts**

Not applicable.

**Acceptance process of applications**

Not applicable.

**AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)**

**Will the state allow units of general local government to carry out community revitalization strategies?**

Yes

**State's Process and Criteria for approving local government revitalization strategies**

The ADOH will allow units of general local government to carry out community revitalization strategies. The ADOH provides detailed community revitalization strategy criteria and forms in its CDBG Application Handbook, which is available on the ADOH website. The ADOH will approve a community revitalization strategy to the degree it addresses the following HUD regulatory criteria: 1) consultation; 2) boundaries; 3) rationale; 4) demographic criteria; 5) program linkages; 6) economic conditions; 7) strategy assessment; 8) timeline; and 9) proposed performance measures.



**AP-50 Geographic Distribution – 91.320(f)**

**Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed**

Consolidated Plan resources are distributed following the methods of distribution described in section AP-30 of this plan.

By regulation, CDBG funds are allocated to all non-entitlement Units of General Local Government outside of Maricopa, Pima and Pinal counties, the cities of Casa Grande, Douglas, Flagstaff, Prescott, Sierra Vista and Yuma, and communities participating in the Pinal County CDBG Urban County. HOME, ESG and NHTF funds are allocated statewide. HOPWA funds are allocated to the Arizona Balance of State.

**Geographic Distribution**

Target Area	Percentage of Funds
State of Arizona FY2020-2024	100

**Table 5 - Geographic Distribution**

**Rationale for the priorities for allocating investments geographically**

The State of Arizona does not provide specific geographic target priorities for allocating investments for the programs that it administers. Consolidated Plan resources are distributed following the methods of distribution described in section AP-30 of this plan.

By regulation, CDBG funds are allocated to all non-entitlement Units of General Local Government outside of Maricopa, Pima and Pinal counties, the cities of Casa Grande, Douglas, Flagstaff, Prescott, Sierra Vista and Yuma, and communities participating in the Pinal County CDBG Urban County.

**Discussion**

Although no specific geographic target priorities are established by the State, funding is allocated to address areas of greatest need and the needs determined by communities through their public participation processes.

## Affordable Housing

### AP-55 Affordable Housing – 24 CFR 91.320(g)

#### Introduction:

Annual Affordable Housing goals are indicated in the table below for the number of homeless, non-homeless, and special needs households, and for the number of affordable housing units that will be provided by program type, including production of new units, rehabilitation of existing units or acquisition of existing units. Goals include ESG Homeless Prevention and Rapid Re-housing, and HOME and NHTF activities.

<b>One Year Goals for the Number of Households to be Supported</b>	
Homeless	426
Non-Homeless	181
Special-Needs	15
Total	622

**Table 6 - One Year Goals for Affordable Housing by Support Requirement**

<b>One Year Goals for the Number of Households Supported Through</b>	
Rental Assistance	475
The Production of New Units	100
Rehab of Existing Units	47
Acquisition of Existing Units	0
Total	622

**Table 7 - One Year Goals for Affordable Housing by Support Type**

#### Discussion:

The State annually distributes approximately \$25 million in HUD Formula grant funds to address the needs of households for rental assistance, affordable rental housing, and decent owner housing.

**AP-60 Public Housing - 24 CFR 91.320(j)****Introduction:**

The ADOH and its PHA Division do not own or manage any public housing. The PHA manages an extremely small Housing Choice Voucher program confined to Yavapai County and one that requires in-kind contributions from the State to administer. The PHA also has monitoring and compliance oversight of approximately 114 federally-financed properties (through the competitively awarded HUD Project-Based Contract Administration award).

The State of Arizona does not own or operate public housing and has no jurisdiction or authority to involve itself in the actions of local public housing authorities regarding public housing resident involvement in management or homeownership. The ADOH may provide planning support and technical assistance to public housing authorities upon request. Public housing residents may avail themselves of the State's HOME PLUS mortgage resources when they are prepared to enter into homeownership.

**Actions planned during the next year to address the needs to public housing**

The State may provide planning support and technical assistance to public housing authorities upon request.

**Actions to encourage public housing residents to become more involved in management and participate in homeownership**

The State of Arizona may provide planning support and technical assistance to public housing authorities upon request. Public housing residents may avail themselves of the State's HOME PLUS mortgage resources when they are prepared to enter into homeownership.

**If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance**

Not applicable.

**Discussion:**

The ADOH and its PHA Division do not own or manage any public housing. The PHA manages an extremely small Housing Choice Voucher program confined to Yavapai County and one that requires in-kind contributions from the State to administer. The PHA also has monitoring and compliance oversight of approximately 114 federally-financed properties (through the competitively awarded HUD Project-Based Contract Administration award).

## **AP-65 Homeless and Other Special Needs Activities – 91.320(h)**

### **Introduction**

This section describes how the state conducts outreach and assesses the individual needs of people experiencing homelessness, addresses their emergency and transitional housing needs, and helps them to transition to and sustain stable housing.

### **Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including**

#### **Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

Arizona's three Continua of Care conduct coordinated outreach activities through partnerships with community partners. In each Continuum of Care, service delivery systems utilize outreach teams, first responders and crisis and medical agencies to reach people who are unsheltered. Outreach workers are trained to conduct VI-SPDAT screening in the field and use progressive engagement strategies with unsheltered individuals to encourage engagement with shelter, supportive housing, other available housing resources, and support services. Special initiatives have been adopted through these community partners to respond to current priorities, which include ending veteran, unaccompanied youth, and chronic homelessness.

The Arizona StandDown Coalition has been formed to share and spread resources to smaller communities so that StandDown events reach homeless veterans throughout the State. Larger initiatives are led by counties and cities in the metropolitan areas of Phoenix, Mesa and Tucson to focus on ending chronic homelessness.

#### **Addressing the emergency shelter and transitional housing needs of homeless persons**

All three Arizona Continuums of Care conducted a point-in-time sheltered and unsheltered count in January 2023. Data from these counts will be released during the summer of 2023. 2022 data identified over 13,500 people experiencing sheltered and unsheltered homelessness in Arizona. The total count of people represented a 23% increase over 2021, and a 60% increase in the number of people experiencing unsheltered homelessness.

The State adopted an aggressive rapid re-housing approach to move individuals and families out of emergency shelters and into permanent housing. However, continuing in-migration has dramatically increased housing demand, resulting in large rent increases and few vacancies. These factors have made it particularly challenging for service providers to assist households on their journey to sustainable affordable housing. ADOH and ADES contracts for rapid re-housing emphasize priority targets including chronically homeless, veterans, youth between the ages of eighteen (18) and twenty-four (24), domestic violence survivors, and persons exiting an institutional setting or substance abuse program. All three (3)

Continua are focusing performance measures on improving length of stay.

The ADES Division of Community Assistance and Development (DCAD) works through the ESG Collaborators Group in Maricopa County and directly with all three CoCs in the State (Maricopa Regional, Tucson Pima Collaboration to End Homelessness (TPCH), and Balance of State) to plan for and coordinate funding. The ADES also holds regular COFFEE TALK hours that are available virtually to any individual or organization wishing to attend.

ADES works closely with community-based organizations, such as local shelters and transitional housing providers, to identify the gaps in the current system and develop solutions to meet the needs of those experiencing homeless.

Moreover, ADES Division of Community Assistance and Development (DCAD) works with ESG-funded providers by bridging the supportive services gap to meet the needs of homeless individuals by fostering connections to ADES programs, including access to Arizona@Work, Childcare, Benefits and Medical eligibility, and mental health services.

**Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

There is a critical shortage of housing in Arizona that creates challenges in helping homeless persons make the transition to housing and independent living and shorten the period of experienced homelessness. The State is reviewing the recently released USICH *All In: The Federal Plan to Prevent and End Homelessness* as a guiding document for future efforts. ADOH continues to fund Rapid Rehousing and landlord outreach in all three Continuums to increase permanent housing options. All three Continuums have adopted a statewide common assessment tool and developed a statewide shared database of permanent supportive housing, affordable housing, and tax credit supported housing options. Through commitment to improve outreach and assessment tools, the ADES Division of Community Assistance and Development works to effectively end unsheltered homelessness for people who are experiencing chronic homelessness.

Arizona's efforts to end homelessness are driven by the following goals and objectives:

End chronic homelessness among people with disabilities by: 1) moving 150 chronically homeless individuals or families into permanent housing each year; 2) adopting and implementing a common assessment tool across Arizona's three Continua to prioritize housing placement based on vulnerability; 3) supporting, monitoring and assessing centralized intake pilots to prioritize chronically homeless individuals for placement and to evaluate outcomes; and 4) developing a statewide shared database of

permanent supportive housing, affordable housing and tax credit supported housing options.

End homelessness among Veterans by: 1) ensuring mainstream and community resources identify veteran status and connect veterans to additional veteran resources; 2) targeting and prioritizing Housing and Urban Development (HUD) VASH housing vouchers towards chronically homeless veterans; 3) continuing collaborative efforts with the three VA Health Care Services within the state to provide better care and quicker access to permanent housing; and 4) continuing technical assistance to VA Health Care Services to input data on VASH Households into the HMIS.

Prevent and end homelessness for families with children, unaccompanied youth, and other individuals by: 1) Developing common reporting standards for family units versus beds to determine housing needs; 2) adopting a common definition of homeless youth; and 3) adding 100 units of permanent supportive housing to the housing system annually.

Develop measurement standards, data collection, and accurate reporting systems by: 1) Organizing a comprehensive statewide street and shelter survey to establish baseline data for future comparison and research; 2) establishing common definitions, methodologies, measurement tools, and reporting standards to be compiled into standardized reports by the three Continua of Care; and 3) analyzing the Longitudinal Statistical Analysis Reports(LSA) and the HUD System Performance Measure reports to determine if system changes are resulting in increased households becoming stably housed. Arizona received grant funding and is piloting a data warehouse to incorporate data from all three CoCs and AHCCCS, the state's Medicaid agency.

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs**

The ADES Division of Community Assistance and Development requires all sub-contractors to adhere to program goals and objectives including serving target populations. Contracts require that at least forty percent (40%) of all rapid re-housing and/or homeless prevention participants represent at least one of the priority population criteria: 1) chronically homeless; 2) disabled; 3) experiencing substance abuse issues; 4) being released from an institution; 5) being released from a substance abuse facility; 6) aging or aged-out of child foster care; 7) domestic violence survivor; 8) youth 18 to 24 years of age; 9) veterans; or 10) sixty-two (62) years of age or older.

The statewide adoption of the VI-SPDAT tool, and ADOH's efforts to build strong Local Coalitions to End Homelessness have greatly improved Arizona's progress towards addressing its goals and improving data collection and reporting standards. The ADOH and ADES are working together to plan, improve,

and address services and housing for persons experiencing homelessness and chronic homelessness.

To prevent returns to homelessness, sub-contractors are also required to adhere to standard performance measures and outcomes designed to assure positive exit destinations and help low-income individuals and families avoid returning to homelessness:

- At least 60 % Street Outreach exit destinations are known.
- At least 60% of Emergency Shelter households exit to Positive Exit Destinations.

#### Street Outreach Performance Measures

- At least 60 % Street Outreach exit destinations are known.
- At least 60% of Emergency Shelter households exit to Positive Exit Destinations.

#### Rapid Rehousing Performance Measures

- At least 90% of exit destinations are known.
- At least 90% of exit destinations are Positive Housing Exit Destinations.

#### Homeless Prevention Performance Measures

- At least 90% of Homeless Prevention households that exit the program have Positive Exit Destinations entered into HMIS.

### **Discussion**

The statewide adoption of the VI-SPDAT tool, and ADOH's efforts to build strong Local Coalitions to End Homelessness have greatly improved Arizona's progress towards addressing its goals and improving data collection and reporting standards. The ADOH and ADES are working together to plan, improve, and address services and housing for persons experiencing homelessness and chronic homelessness.

**AP-70 HOPWA Goals – 91.320(k)(4)**

<b>One-year goals for the number of households to be provided housing through the use of HOPWA for:</b>	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	50
Tenant-based rental assistance	25
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	75



**AP-75 Barriers to affordable housing – 91.320(i)****Introduction:**

As a state settled during western expansion, Arizona has always had a strongly individualistic disposition. It was founded during the heart of the progressive movement, and its 1912 constitution reflects the desire of reformers to prohibit special legislation and ensure the rights of localities to exercise exclusive jurisdiction over purely local matters. It granted municipalities with 3,500 people or more the right to create their own city charters. That local autonomy is an established, deeply engrained and cherished practice in Arizona. Planning, zoning and building codes are governed by Arizona Revised Statutes Title 11, Chapter 6 for counties and ARS Title 9, Chapter 4 for cities and towns, which allows for local selection of building codes.

Other State legislation restricts the ability of localities to utilize land use and zoning requirements to encourage affordable housing development. The Private Property Rights Act of 2006 requires local governments to compensate a private property owner if the value of a person's property is reduced by the enactment of a land use law. Under this Act, downzoning or changing zoning to permit less intensive development is difficult to accomplish in Arizona. Property owners must either waive their entitlements voluntarily or be compensated for the reduction in value of their property. Passed in 2015, Senate Bill 1072 amended municipal and county land use and zoning requirements. The bill prohibited requiring affordable housing in a zoning code (inclusionary zoning) but does not limit the use of an incentive, density bonus or other voluntary provision or condition designed to increase the supply of moderate or lower cost housing. In addition, Arizona's constitution includes a gift clause that prohibits state and local governments from giving financial gifts to private entities, which effectively restricts the use of public lands from being utilized for the development of affordable housing under most circumstances.

**Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment**

In 2022, the Arizona Legislature created a study committee to examine the state's housing crisis. Housing Bill 2674 was initially introduced to create a standardized set of statewide zoning rules that attempted to override state laws that devolve housing regulation to counties and municipalities. The bill was revised to instead create a committee to study the issue more deeply. The 10-member committee report includes recommendations to: provide regulatory relief for zoning; address building standards that prevent "missing middle" housing development; allow at-risk approval of permits and create consistency in public comment timeframes; limit discretionary review of design standards; allow for smaller homes and units with fewer parking requirements; and create appeals process for builds that meet city zoning and codes but get denied by council.

Study committee recommendations may be discussed through further community outreach or

introduced as legislation. The ADOH will continue to invest in housing development, rehabilitation and assistance to first-time homebuyers. The ADOH will also continue to publicize information to assist in breaking down stereotypical misconceptions about affordable and multi-family housing.

## **AP-80 Colonias Actions – 91.320(j)**

### **Introduction**

There are 66 Arizona designated Colonias in the southern counties of Cochise, Gila, Graham, Greenlee, La Paz, Pima, Santa Cruz, and Yuma, and on the Cocopah, and Tohono O’odham Indian Reservations. The ADOH has developed a process to certify Arizona Colonias to ensure that they comply with federal legislation at Section 916 of the Cranston-Gonzalez Act of 1990 and HUD guidance. The ADOH sets aside 10% of its annual CDBG funds for projects in Colonias with high-priority needs. Colonias typically partner with local government to apply for CDBG Colonias funding, which is made available biennially to facilitate larger awards to address significant water, sewer and/or housing needs in their entirety.

Most Arizona Colonias were built on a legal loophole that allows a property owner to subdivide property up to five times before triggering subdivision regulations that require roads, utilities, and other amenities. This form of subdivision in Arizona is known as 'wildcat', and has been heavily criticized for passing to the public costs for roads, utilities, and other amenities that would otherwise be borne by the developer and purchaser.

### **Actions planned to address obstacles to meeting underserved needs**

The largest obstacle to meeting underserved needs in Colonias is funding. ADOH will issue a funding notice once every two (2) years to solicit projects located in eligible, designated Colonias. All cities, towns, counties and tribal reservations that contain either geographically defined neighborhoods or unincorporated communities designated as Colonias and that are eligible to receive CDBG Colonia Set-Aside funding through ADOH are eligible to apply for these funds. Maricopa and Pinal Counties, as well as the communities and tribal reservations in those counties, are excluded from eligibility for State Colonias funding. ADOH is able to serve eligible designated Colonias in Pima County, although the county is not eligible to receive other CDBG funds from ADOH.

### **Actions the state plans to take to reduce the number of poverty-level families**

Arizona’s Colonia set-aside primarily funds water and wastewater treatment as these have been identified as the highest priority issues affecting Arizona Colonias. Colonias funding is awarded through a competitive process once every two years and allows potential for sufficient funding to complete very large projects. Scoring criteria emphasizes demonstrated need, poverty statistics and whether the project will completely eliminate issues relating to water, wastewater and housing within the Colonia. Addressing these issues improves sustainability and quality of life issues for residents who could not afford to pay increases in water or sewer service fees that would be required if the community were trying to fund improvements using other resources.

### **Actions the state plans to take to develop the institutional structure**

The State of Arizona has a partnership with the regional Councils of Governments (COGs) in Arizona

to provide both technical and administrative assistance to CDBG-eligible grantee communities, including Colonias. Working with the Arizona Balance of State COC (which includes areas of the State where Colonias are common), ADOH encourages the publication of the availability of homelessness services. Families that are “doubled-up” or otherwise possibly at risk of homelessness are provided information about available services in the areas closest to the Colonia.

**Specific actions the state plans to take to enhance coordination between public and private house and social service agencies**

The Arizona Department of Housing hosts an Arizona Housing Forum. The Forum is a two (2) day professional housing conference that studies recent trends and ideas in affordable housing, addresses more common issues in discussion-oriented sessions, and provides opportunities for housing and social service agencies to form relationships and potential partnerships.

**Discussion**

The State began offering Colonia Set Aside funding through a competitive process combining two years of Colonia set-aside funds in 2010. By combining two years of funding, large-scale projects can be implemented to positively impact the lives of thousands of Colonias residents. The State has found this to be a successful method of distributing funds to Colonias and will continue this method in the future.

## **AP-85 Other Actions – 91.320(j)**

### **Introduction:**

This section discusses the State's efforts to address underserved needs, expand and preserve affordable housing, reduce lead-based paint hazards, develop institutional structure for delivering housing and community development activities, and addressing impediments to fair housing choice.

### **Actions planned to address obstacles to meeting underserved needs**

Rapid population growth combined with inadequate funding to address the huge existing unmet need for affordable housing, housing rehabilitation, public facilities and improvements, and public services, and a scarcity of capacity in many rural areas are the primary obstacles to meeting underserved needs. The state will continue to encourage agencies and units of government to seek private and public funding opportunities to leverage Consolidated Plan resources, complete projects, and serve a larger number of beneficiaries.

### **Actions planned to foster and maintain affordable housing**

The ADOH will continue to invest in affordable and sustainable rental and homeownership programs to foster and maintain affordable housing.

### **Actions planned to reduce lead-based paint hazards**

The Arizona Department of Housing's long-term goals to address lead-based paint hazards include: collaborating with units of local governments to reduce housing-related lead-based paint hazards, especially for low-income families with children; encouraging risk assessment for lead-based paint as part of every home inspection; and referring families with children to the Arizona Department of Health Services, Office of Environmental Health for blood testing if lead-based paint is found in units proposed for rehabilitation. The Arizona Department of Health Services maintains the lead exposure registry for Arizona. The program develops lead poisoning prevention programs, investigates cases with elevated blood lead levels and conducts educational outreach activities. The Arizona Lead Poisoning Screening Coalition and the Arizona Department of Health Services recommend screening children six (6) years of age and younger according to the Childhood Lead Poisoning Targeted Screening Plan. These steps will hopefully prove important in assuring the long-term health and stability of lower-income children who may be exposed to lead-based paint.

The State of Arizona will encourage training, education and other resources related to lead-based paint hazards, and will require that grantees and sub grantees utilize staff and contractors that have the appropriate training and certification.

**Actions planned to reduce the number of poverty-level families**

ADOH's approach to reducing the number of poverty level families includes: 1) addressing the needs caused by poverty; 2) increasing the supply and availability of decent, safe and affordable housing for low-income families; and 3) increasing the effectiveness of existing programs through better collaboration and increased efficiency of implementation. The ADOH will focus on the provision of affordable housing and needed community development programs and projects, especially in rural areas of Arizona. ADES will be focusing on coordinating across ADES Divisions to simplify processes in providing essential services such as job training and employment search, child care, food, employment-related transportation and Medicaid eligibility.

The ADOH will also work to strengthen its partnerships with the ADES, the Community Services Administration, the Family Assistance Administration, the Aging and Adult Administration, the Arizona Early Intervention Program, the Arizona Department of Health Services, the Arizona Health Care Cost Containment System, the Arizona Department of Veterans Services, and the Arizona Commerce Authority. These agencies and organizations encourage stabilization of people in crisis, and fund services for special needs populations, quality early education, and job retention, training and creation to help lift people out of poverty and reduce generational poverty.

**Actions planned to develop institutional structure**

The ADOH and ADES are departments of Arizona State government. Both agencies are headed by a Governor-appointed director who oversees all activities of the agency, including the provisions of this plan. The agencies meet their missions, and address the needs identified in the Consolidated Plan through collaboration with other state agencies, and activities implemented by program partners, including units of local government, public housing agencies, and nonprofit, for-profit and tribal organizations.

The implementation of activities using Consolidated Plan and leverage resources requires capacity among ADOH and ADES program partners across Arizona's vast geographic area and in its many small rural communities. It is challenging for nonprofit providers in rural Arizona to maintain a consistent, physical presence in many communities, and providers often experience higher than average rates of employee attrition leading to capacity problems. The shortage of providers is compounded by the inability of many lower-income households to travel for services. The ADOH will continue its efforts to network with organizations that serve low-income and vulnerable populations through the Continuum of Care.

Independently and with the assistance of the rural COGS, units of local government utilize CDBG funds to address important community needs, although consensus regarding the most important needs is not always agreed upon and therefore action is sometimes limited. The ADOH will continue to work with rural COGS to provide technical and administrative assistance to units of government and to facilitate

the targeting and distribution of CDBG funds.

The private sector is an important collaborator in the services and programs that address priority needs. The private sector brings additional resources and expertise that can be used to supplement existing services or fill gaps in the system. Lenders, affordable housing developers, business and economic development organizations and private service providers offer a variety of assistance to residents such as health care, small business assistance, home loan programs and supportive housing, among others.

There are 22 federally-recognized tribes in the State of Arizona. The tribes within Arizona are vastly different from one another and are recognized as self-governing entities that regulate laws under their respective tribal jurisdictions. Some tribes regularly work with the ADOH to access resources to address housing needs. In addition, sixteen tribes currently receive the Indian Housing Block Grant for development and maintenance of existing housing. The formula-driven grant was enacted in 1996 and is based on various factors that include population, poverty, current assisted stock and overcrowding conditions. The ADOH will continue to work with tribes who submit successful applications for ADOH funding.

### **Actions planned to enhance coordination between public and private housing and social service agencies**

The ADOH is committed to continuing its participation and coordination with federal, State, regional and local agencies, and with the private and nonprofit sectors to serve the needs of low-income Arizonans. The Arizona Department of Housing cohosts the Arizona Housing Forum with the Arizona Housing Coalition. The Forum is a two-day professional housing conference that studies recent ideas and trends in affordable housing, addresses common issues in discussion-oriented sessions, and provides opportunities for public and private organizations to build relationships and potential partnerships.

ADES will be working on providing prevention and stabilization to those who are at risk of homelessness by coordinating with other ERAP jurisdictions to maintain the availability of ERAP benefits consistently statewide for as long as possible. In addition, ADES is coordinating with AHCCCS, ADOH, DVS and DOC to house high cost, high need individuals experiencing chronic homelessness. ADES will also continue regular Coffee Talk hours to provide opportunities for enhanced coordination between and among public and private housing and social service agencies.

### **Discussion:**

The ADOH 2020 Analysis of Impediments to Fair Housing Choice identified five (5) impediments to fair housing choice in the Arizona Balance of State:

1. Housing Discrimination;
2. Education and Awareness;

3. Geographic Concentrations;
4. Lending Discrimination; and
5. Availability of Quality Affordable Housing.

To address identified impediments, during FY2023, the ADOH will:

1. Track fair housing complaint and inquiry information and actions taken to address impediments and incorporate these into its Consolidated Annual Performance Report.
2. Continue fair housing education and outreach efforts through ADOH-contracted agencies.
3. Continue to fund organizations that provide disability accessibility improvements for homeowners.
4. Examine methods to fund disability accessibility improvements for renters in existing units.
5. Continue to require affirmative marketing plans for HUD CPD-assisted developments to ensure they are marketed to those least likely to apply.
6. Request the Governor adopt a proclamation declaring April to be observed as Fair Housing Month.
7. Maintain a Fair Housing page on the ADOH website.
8. Publish materials that may assist in breaking down stereotypical misconceptions about affordable and multi-family housing.
9. Utilize social media to expand awareness of fair housing and housing discrimination.
10. Expand access to the affordable housing rental stock and accessible affordable rental stock through owner-occupied housing rehabilitation, rental housing rehabilitation, and rapid rehousing.
11. Work with local and state institutions to continue re-entry and housing access programs for persons exiting incarceration.
12. Continue to require projects funded with LIHTC, HOME, and NHTF to establish Affirmative Fair Marketing Plans (AFHMP) that reduce barriers to housing choice.
13. Encourage partnerships between experienced developers and nonprofit and faith-based organizations to increase affordable housing production in the Balance of State.



## **Program Specific Requirements**

### **AP-90 Program Specific Requirements – 91.320(k) (1,2,3)**

#### **Introduction:**

The following identifies program income that will be available to carry out CDBG projects, certain HOME program policies, information regarding ESG, and certain National Housing Trust Fund policies.

#### **Community Development Block Grant Program (CDBG) Reference 24 CFR 91.320(k)(1)**

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
<b>Total Program Income:</b>	<b>0</b>

#### **Other CDBG Requirements**

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

**HOME Investment Partnership Program (HOME)  
Reference 24 CFR 91.320(k)(2)**

- 1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:**

No other forms of investment are planned.

- 2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:**

The ADOH will not invest HOME funds in homebuyer activities in the Action Plan year.

- 3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:**

Assistance to eligible beneficiaries is subject to recapture. The recapture period is based on the amount of HOME and State Housing Trust Fund resources (State funds) invested in the unit. When the per unit investment is less than \$15,000, the recapture period (period of affordability) is five (5) years; between \$15,000 and \$40,000 is ten (10) years; and over \$40,000 is fifteen (15) years. New construction, regardless of amount invested, has a twenty (20) year affordability requirement.

In the event the assisted property is transferred prior to the expiration of the applicable period of affordability or the housing unit is no longer used as a primary residence of the assisted homebuyer, the net proceeds are subject to recapture. Net proceeds shall be determined as follows: 1) the amount of State funds plus the amount of interest due (if any) shall be determined; 2) the Borrower's Down Payment, Principal Payments and the Value of Improvements as evidenced by receipts provided by the borrower shall be summed, and this shall be called Borrower's Equity. Net proceeds shall be distributed as follows: if the Net Resale Proceeds are sufficient to cover the ADOH investment, including any interest due and the Borrower's Equity, the ADOH investment and any interest due shall be recaptured and the Borrower shall be entitled to receive Borrower's Equity and any amount remaining from Net Resale Proceeds after payment of the ADOH investment and any interest due and Borrower's Equity. If the Net Resale Proceeds are not sufficient to repay the ADOH investment including any interest due and the Borrower's Equity, the Borrower shall be entitled to receive the Borrower's Equity, and any amount remaining from Net Resale Proceeds, after payment of the Borrower's Equity, shall be recaptured. In the event of foreclosure, transfer in lieu of foreclosure or assignment of an FHA mortgage to HUD, recapture provisions shall terminate.

- 4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required**

**that will be used under 24 CFR 92.206(b), are as follows:**

HOME funds will not be used to refinance existing multi-family housing debt during the fiscal year.

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### Emergency Solutions Grant (ESG) Reference 91.320(k)(3)

#### **1. Include written standards for providing ESG assistance (may include as attachment)**

The ADES Division of Community Assistance and Development requires all subcontractors to adhere to program policies and procedures in accordance with the federal HEARTH Act. In addition, subcontractors must adhere to the State of Arizona, ADES written standards and terms and conditions. Eligible activities include: 1) Emergency Shelter; 2) Rapid Re-Housing; 3) Homeless Prevention; and 4) Street Outreach.

Target populations: At least 60% of all Rapid Re-Housing and/or Homeless Prevention participants shall meet at least one of the priority population criteria: 1) chronically homeless; 2) disabled; 3) experiencing substance abuse issues; 4) being released from an institution; 5) being released from a substance abuse facility; 6) aging or aged-out of child foster care; 7) domestic violence survivor; 8) youth eighteen 18-24 years of age; 9) veteran; or 10) 62 years of age or older.

Subcontractors must: provide all services in a culturally relevant manner for the population to be served; participate in the Coordinated Assessment System; maintain a case file for each participant with all items required by ADES; maintain appropriate documentation of participant eligibility; ensure no income barriers are associated with initial eligibility for services and programs; provide Case Management services at least monthly and document progress towards independence; complete required vulnerability/needs assessment in HMIS at program entry and exit; assist all participants to obtain mainstream services and benefits such as housing, health care, social services, employment and education; attend at least seventy-five percent (75%) of Continuum of Care meetings annually.

Subcontractors are required to submit monthly, quarterly and annual program and financial reports: Monthly Reports must include 1) Copies of the completed Rapid Re-Housing Eligibility Determination form for each participant with initial billing; 2) Copies of all receipts and/or copies of checks with detailed costs issued for Housing Relocation and Rental Financial Assistance for each Rapid Re-Housing participant served; 3) Rapid Re-Housing Tracking Sheet with invoices; and 4) Accurate and complete Contractor's Invoice and Statement of Expenditures. Quarterly Reports must be submitted by the 15th day of the beginning of each quarter and include a completed Emergency Shelter, Rapid Re-Housing Data and Homeless Prevention Report of demographic and exit data. Annual Reports must include: 1) Funding Expenditure Report for the prior year; and 2) Completed ESG report as required by ADES.

#### **2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.**

The AZBOSCOG, in implementing Coordinated Entry strategies, requires that all HMIS providers utilize appropriate VI-SPDAT assessments to determine housing appropriate rankings. These rankings are used as a guide to assist in making referrals and assessing eligibility for the most client-appropriate projects

within the Continuum of Care, which includes case conferencing.

Per HUD Notice CPD-16-11, priority is given to those individuals and families who meet the HUD definition of “chronic homeless”. If there is availability in a project and there is not an eligible household that meets the definition of chronic homeless, then the order of priority will be as delineated in the CPD notice as follows: First Priority - Homeless Individuals and Families with a Disability with Long Periods of Episodic Homelessness and Severe Service Needs. Second Priority - Homeless Individuals and Families with a Disability with Severe Service Needs. Third Priority - Homeless Individuals and Families with a Disability Coming from Places Not Meant for Human Habitation, Safe Haven, or Emergency Shelter Without Severe Service Needs. Fourth Priority - Homeless Individuals and Families with a Disability Coming from Transitional Housing.

**3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).**

The ADES awards ESG funds through a competitive Request for Proposals (RFP) process. Each RFP describes in detail the criteria that will be used to select applications. The criteria may include service methodology, experience and expertise, cost, capacity, and other relevant factors. Contracts are awarded based on the needs of the service area and available service providers.

**4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.**

All three Continua of Care in the state have at least one formerly homeless person on their boards.

**5. Describe performance standards for evaluating ESG.**

All service providers and agencies contracting with ADES submit ESG program reports monthly and quarterly. Fiscal back-up documentation and participant tracking reports are attached to fiscal claims for reimbursement. ADES contracts require agencies to submit quarterly reports that are designed to capture client data, fiscal expenditures billed, and services provided. At least once each year, ADES will conduct desk reviews of the programs and at least once every two years, a comprehensive audit and site visit will be conducted of the program and facilities. Upon completion of the review and audits.

1. 75% of participants improve in overall required Self Sufficiency Matrix score from participant entry to participant exit;
2. 60% of participants who exit the Rapid Re-Housing program, exit to permanent housing during the program year;
3. 75% of Rapid Re-Housing participants who exit the Rapid Re-Housing program score at least a four (4) on the Self Sufficiency Matrix;

4. 60% of Rapid Re-Housing participants meet at least one (1) of the priority populations criteria;  
and
5. 40% of Temporary Emergency Shelter clients exit to positive permanent housing situations during the program year.

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### Housing Trust Fund (HTF) Reference 24 CFR 91.320(k)(5)

#### 1. How will the grantee distribute its HTF funds? Select all that apply:

Applications submitted by eligible recipients

**2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".**

N/A

#### 3. If distributing HTF funds by selecting applications submitted by eligible recipients,

**a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2).**

Eligible activities for National HTF are the production, preservation and rehabilitation of affordable rental housing developments in which all or a portion of the rental units are set aside for extremely low income (thirty percent (30%) of the HUD AMI or less), including Permanent Supportive Housing for individuals and families who are chronically homeless. Supportive Services, where appropriate, must be provided with the purpose of helping residents achieve maximum possible self-sufficiency and maintain their permanent housing. Rents on NHTF units must not exceed thirty percent (30%) of the income of the individual or family qualified to occupy the HTF Unit. Rent limits are published by HUD annually.

Eligible Recipients are public housing agencies, for-profit entities and nonprofit entities.

**b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds.**

The ADOH will retain 10% of NHTF funds for program administration. The remaining project funds will be made available through one or more of the following methods: 1) A Notice of Funds Availability for the construction, preservation or rehabilitation of rental housing in which NHTF may be used solely or in conjunction with HOME, State Housing Trust Fund, NSP, 4% LIHTC, 9% LIHTC or another funding source; or 2) Gap financing for rental developments awarded 4% or 9% LIHTCs in accordance with the ADOH LIHTC Qualified Allocation Plan (QAP), as well as non-LIHTC projects in accordance with the annual NOFA.

At a minimum, applicants will be required to provide documentation demonstrating the following: 1) applicant is a legally formed entity; 2) development team has sufficient capacity; 3) site control and zoning entitlements; 4) adherence to environmental regulations; 5) financial ability to proceed; 6) market demand

for prospective population; 7) adherence to design standards, including energy efficiency; and 8) affordability to extremely low-income households.

**c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients.**

When a Notice of Funds Availability is issued, it will include the specific criteria that will be used to select projects for funding. Selection criteria may include: 1) demand; 2) capacity, experience and past performance of applicant; 3) extent to which units are affordable to extremely-low-income individuals and families; 4) service-enriched location; 5) project readiness; 6) sustainable development (energy efficiency); 7) the duration of the affordability period; and 8) the extent to which the project leverages non-federal funding sources.

When NHTF funds are provided as gap financing for rental developments awarded 4% or 9% LIHTCs, applications will be selected following the Qualified Allocation Plan (QAP) and NOFA requirements.

**d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan).**

The National HTF is available to all areas of the state. The Consolidated Plan (SP-10, Geographic Priorities), does not target specific geographic areas.

**e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner.**

Only applicants that demonstrate adequate capacity and readiness to proceed will be funded. Applicants must demonstrate that the Development Team possesses the experience and financial capacity necessary to undertake and complete the Project. The Developer and/or Co-Developer, as applicable, must have developed projects of comparable size, financial complexity. The experience of the Development Team with affordable housing programs is also considered. Applicants must demonstrate site control, generally through fee simple title, a conditional purchase contract contingent upon successful Environmental Review, or long-term lease; that the prospective site has all zoning entitlements; and that all financing necessary to complete the project has been secured. Only projects that set aside rental units affordable to households with extremely low income (30% AMI adjusted for family size with utility costs deducted) will be funded. Projects may be awarded points in the competitive selection process for project-based rental assistance.

**f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families.**



Only projects that set aside rental units affordable to households with extremely low income (30% AMI adjusted for family size with utility costs deducted) will be funded. Projects may be awarded points in the competitive selection process for project-based rental assistance.

**g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period.**

Projects will not be required to exceed the 30-year period, yet projects that demonstrate financial feasibility beyond the required 30-year period may receive points in the competitive application scoring process. Based on information submitted and other relevant information available, ADOH analyzes and adjusts the financial considerations in accordance with its underwriting criteria. The ADOH will review development costs, permanent financing sources and amounts, public funding amounts, Developer Fees, projected rents, projected Operating Expenses, vacancy rates, and other financial considerations of a Project.

**h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations).**

When a Notice of Funds Availability is issued, it will include the specific selection criteria that will be used to select projects for funding. Consistent with state and federal certifications to affirmatively further fair housing, selection criteria may include sustainable development (energy efficiency), and service enriched location, including access to employment and services.

**i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources.**

When a Notice of Funds Availability is issued, it will include the specific criteria that will be used to select projects for funding. Consistent with state and federal certifications to affirmatively further fair housing, selection criteria may include: 1) demand; 2) capacity, experience and past performance of applicant; 3) extent to which units are affordable to extremely-low income individuals and families; 4) service-enriched location; 5) project readiness; 6) sustainable development (energy efficiency); 7) the duration of the affordability period; and 8) the extent to which the project leverages non-federal funding sources.

**4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds?**

Yes

**5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements?**

Yes

**6. Performance Goals and Benchmarks.** The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

**6. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.**

The maximum NHTF per-unit development subsidy amount is calculated by bedroom size and based on HUD's most recently released HOME program maximum per-unit subsidy amounts. HUD's HOME program maximum per-unit subsidy limits are based on the costs of developing non-luxury housing in Arizona and are therefore considered reasonable. The following limits reflect the FY2022 HUD limits, and will be modified when HUD releases FY2023 limits.

0-bedroom - \$153,314
1-bedroom - \$175,572
2-bedroom - \$213,718
3-bedroom - \$276,482

**8. Rehabilitation Standards.**

The ADOH National Housing Trust Fund Rehabilitation Standards are attached.

**9. Resale or Recapture Guidelines.** Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

N/A

**10. HTF Affordable Homeownership Limits.** If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

N/A

11. Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

The ADOH will limit beneficiaries to extremely low-income households (income below 30% AMI) adjusted for family size. In addition, the State of Arizona may fund rental housing that limits eligibility or gives a preference to a particular segment of the population. Except for rental housing that also receives funding from a federal program that limits eligibility to a specific population, when limiting eligibility or giving a preference, the limitation or preference must be limited to 1) households with disabilities that significantly interfere with their ability to obtain and maintain housing; 2) households that would not be able to obtain or maintain themselves in housing without appropriate supportive services; and 3) the supportive services cannot be provided in a nonsegregated setting. The households must not be required to accept the services offered at the project and the project owner must advertise the project as offering services for a particular type of disability. The project must be open to all otherwise eligible persons with disabilities who may benefit from the supportive services provided.

**12. Refinancing of Existing Debt.** Enter or attach the grantee’s refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee’s refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter “N/A.”

N/A